

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2338 – SB 2292

March 21, 2018

SUMMARY OF ORIGINAL BILL: Deletes certain training requirements established by Public Chapter 118 of 2017 for certain municipal utility board commissioners.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease Local Expenditures – \$12,500/Permissive

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (015714): Deletes all language after the enacting clause. Requires the Comptroller of the Treasury (COT) to provide online training and continuing education to municipal utility board commissioners, beginning no later than March 1, 2019. Authorizes any appropriate association or organization to offer such online training and continuing education, pending approval of the curriculum by the COT. Authorizes commissioners to attend one or more of the online courses in lieu of attending in-person.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease Local Expenditures – \$15,600/Permissive

Assumptions for the bill as amended:

- Public Chapter 118 required all commissioners of municipal utility systems to attend a total of 24 hours of training and continuing education every four years; 12 hours during the first year of their term and 12 hours over the course of the succeeding three years.
- The proposed language would authorize commissioners of municipal utility system boards which supervise, control, or operate a public water or public sewer system to attend online training and continuing education provided by the COT and any appropriate association or organization whose curriculum is approved by the COT.

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- While it is unknown how many boards will be impacted, it is reasonably estimated that 50 boards with five commissioners per board, or 250 commissioners (50 boards x 5 commissioners), will be authorized to attend online training and continuing education.
- According to the COT, costs for developing an online training and continuing education program can be accomplished using existing resources and staff; therefore any increase in state expenditures is estimated to be not significant.
- According to the COT, the COT does not plan on charging a fee to participants of the online training and continuing education courses; therefore any increase in state revenue is estimated to be not significant.
- Pursuant to Public Chapter 118, entities wishing to provide training to the commissioners were required to submit a copy of the proposed curriculum to the COT for approval.
- The proposed language would authorize such entities to also provide online training and continuing education.
- The Tennessee Association of Utility Districts (TAUD) currently provides training to utility districts at a rate of \$100 per person per year. It is reasonable to assume that TAUD and similar organizations were approved by the COT to provide training to municipal utility boards and that training for municipal utility board commissioners is comparable in cost to training currently provided to utility district members.
- Such entities choosing to establish online training will charge a nominal fee to offset costs associated with creating the course. Such fee is estimated to be \$50 per person per course attended online.
- In the event the COT does not charge a fee for online training and continuing education, approximately 50 percent of municipal utility board commissioners will attend the required training online through the COT, instead of attending training or continuing education through a COT-approved organization or association.
- Commissioners opting to attend online training provided by the COT will result in a permissive recurring decrease in local government expenditures of \$12,500 [(250 commissioners x 50%) x \$100 per commissioner].
- Approximately 25 percent of commissioners will attend online training and continuing education provided by a COT-approved organization at a lower rate than offered through in-person training.
- Commissioners opting to attend online training provided by COT-approved organizations instead of in-person training through such organizations will result in a permissive recurring decrease in local government expenditures of \$3,125 [(250 commissioners x 25%) x (\$100 average in-person training fee - \$50 average online training fee)].
- The total permissive recurring decrease in local government expenditures is estimated to be \$15,625 (\$12,500 COT online training + \$3,125 COT-approved organization online training).
- Any decrease in revenue to TAUD or similar organizations as a result of a decrease in in-person attendance for training will be met with a corresponding decrease in expenditures for training materials no longer required; and any increase in the expenditures for such entities for development of an online training and continuing education course is estimated to be met with a corresponding increase in revenue to

offset such development costs. Therefore, the net impact to such entities is considered not significant.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

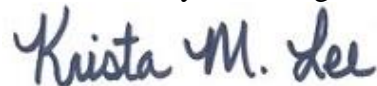
Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Any decrease in revenue received by private entities for providing in-person training to municipal utility board commissioners will be met with a corresponding decrease in expenditures for training materials no longer required; therefore any impact is considered not significant.
- Any increase in expenditures realized by private entities for developing online training and continuing education courses will be offset by fees charged by such private entities to participants for attending such online training; therefore any impact is considered not significant.
- Any impact on jobs in Tennessee is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee".

Krista M. Lee, Executive Director

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